

ORIGINAL

Decision No. 66375

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of

THE WESTERN UNION TELEGRAPH COMPANY,

a corporation, for an order authorizing it to increase certain intrastate rates and charges applicable to telegraph service within the State of California.

Application No. 45626
(Filed July 29, 1963)

Noel Dyer, for applicant.

R. T. Perry, for Commission staff.

O P I N I O N

Public hearing in this matter was held before Examiner Emerson on October 17, 1963, at San Francisco.

Applicant seeks authority to increase rates for Message Telegraph Services, Commercial News Service and Public Facsimile Service rendered in California, the proposed rates therefor being identical with those presently effective for such services throughout the nation, so as to obtain needed revenues and to maintain applicant's policy of applying uniform charges for interstate and intrastate telegraph services.

Applicant's proposed rate revisions are as follows:

1. An increase of approximately 10 percent in the basic zone rates and additional word rates on full-rate telegrams, night letters, day letters and money order messages, with retention of the existing service classifications, minimum wordage allowances and rate zones.

Examples of these proposals are as follows:

<u>Between</u>	<u>15-word Full Rate Charge</u>	
	<u>Present</u>	<u>Proposed</u>
San Francisco - Sacramento	\$1.10	\$1.20
San Francisco - Fresno	1.20	1.30
Los Angeles - San Francisco	1.30	1.45
San Diego - Sacramento	1.45	1.60
Blythe - Crescent City	1.60	1.75

2. An increase of approximately 8 percent in Commercial News Department Quotation Service and CND Sport Service. These services have no California subscribers at the present time and the rate proposal is made only for the purpose of maintaining nationwide rate uniformity.

3. An increase from the present 75¢ to a charge of 85¢ for flat-rate Personal Opinion Messages.

4. An increase in collateral service charges on Hotel-Motel Reservation messages from the present 50¢ to a charge of 55¢ and from the present \$1.00 to a charge of \$1.10.

5. An increase from the present \$2.10 to a charge of \$2.30 for the first 4 inches of Public Facsimile Service and from the present 35¢ to a charge of 40¢ for each additional inch or fraction thereof.

Although applicant received approximately \$7,296,000 in revenues from its California intrastate business during the year 1962, such operations produced a loss of \$738,828 for the year. The increased rates which it now proposes would produce an increase of about \$542,665 in California intrastate revenues. Such an increase would lessen applicant's losses in California, the resulting annual loss approximating \$404,250.

Applicant's over-all operations are profitable, its interstate and long-haul business more than offsetting the intrastate short-haul business losses sustained in most states.¹ During 1962 it had gross operating revenues from its landline operations of approximately \$264,118,000 which produced a net income of about \$10,404,000. This latter amount, when related to a 1962 average rate base of \$332,133,000 indicates a rate of return of approximately 3.2 percent. On the assumption that uniform service rates are effective nationwide during the year 1963, applicant estimates that its over-all earnings would produce a rate of return of about 4.7 percent for such year.

The Commission takes official notice of the fact that interstate adjustments of applicant's rates became effective on July 10, 1963² and finds that the rate proposals in this proceeding are identical thereto.

In view of the evidence, the Commission finds that applicant is in need of and entitled to increased revenues in the total amount sought and concludes that the application herein should be granted. The Commission further finds that the increases in rates and charges authorized herein are justified and that present rates, insofar as they differ from those herein authorized, are for the future unjust and unreasonable.

¹ In 1962 applicant's intrastate operations produced net revenues, ranging from about \$275 to \$2,000, in only seven states.

² By order of the Federal Communications Commission, FCC 63-648.

O R D E R

IT IS ORDERED that The Western Union Telegraph Company is authorized to file in quadruplicate with this Commission, on or after the effective date of this order and in conformity with the provisions of General Order No. 96-A, the tariffs set forth in Exhibit 6 attached to the application herein and, on not less than five days' notice to the public and to this Commission, to make said tariffs effective for service rendered on and after January 1, 1964.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 26th day of NOVEMBER, 1963.

Holloman A. Bunnell
President
George T. Grover
Fredrick B. Hallock
Commissioners